

<b>FISCAL POLICIES MANUAL .....</b>	<b>1</b>
<b>P-CARD POLICY .....</b>	<b>1</b>
<b>PREFACE .....</b>	<b>1</b>
<b>POLICY .....</b>	<b>1</b>
CARDHOLDERS .....	1
COMMODITIES .....	2
TRAVEL .....	2
SERVICES .....	2
ACCEPTABLE PURCHASES .....	2
AGENCY COORDINATOR .....	2
APPROVER .....	3
CARDHOLDER RESPONSIBILITIES .....	3
GROUP CARD .....	4
<b>FISCAL IMPACT .....</b>	<b>4</b>
<b>ADMINISTRATIVE PROCEDURES .....</b>	<b>4</b>
ACCOUNTING UNIT RESPONSIBILITIES .....	4
INTERNAL CONTROL .....	4
MISUSE OF THE P-CARD .....	5

# FISCAL POLICIES MANUAL

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## P-CARD POLICY

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### PREFACE

The State of Idaho's P-Card (purchasing card) program was established to streamline and simplify the requisitioning, purchasing and payment process. The program was designed to reduce the routing time required for the approval process and paperwork of procurement procedures such as petty cash, check requests, and expense reimbursements. The purchasing card works like a cash card for both the vendor and the agency personnel that use them.

There are many benefits to be derived by using the purchasing card as a payment mechanism when appropriate:

#### Cardholder Benefits

- Convenience of purchasing at the point of sale.
- Expedites the delivery of goods or services to the job site.

#### Agency Benefits

- Simplifies the purchasing process for many purchases, particularly those of small dollar amounts.
- Lowers the overall transaction processing cost per purchase.
- Provides management information electronically.

#### Vendor Benefits

- Expedites payment.
- Reduces paperwork.
- Lowers risk for nonpayment.

## POLICY

### CARDHOLDERS

State purchasing cards are to be issued to state employees only. If an agency has unique circumstances where they wish to issue a card to a non-state employee, they may do so with approval from the State Controller's Office, Division of Statewide Accounting. Generally exceptions will only be approved when the cardholder is an employee of another governmental entity functioning as a state employee. Each agency determines the number and limitations set on the cards.

## COMMODITIES

The purchasing card is to be used for official State of Idaho purchases wherever MasterCard is accepted and in conjunction with current state contracts. It is required that state contract merchants/vendors be used when making purchases of commodities that are available from State term or agency contracts. In addition, the purchasing card is to be used in conjunction with agency purchasing policies.

## TRAVEL

The purchasing card may be used to pay travel expenses for official State business. The expenses must be in compliance with the State travel rules and regulations. All expenses must be accounted for on a travel voucher with the appropriate receipts and invoices attached. All cash advances made on the purchasing card must be accounted for and reconciled on the travel voucher. Cash advances should be reasonable in relation to the type and length of the travel.

## SERVICES

Service providers can be paid using the purchasing card. Payments made with the p-card are subject to 1099 reporting requirements. The transactions must be posted to the correct vendor number in the accounting system.

### Unacceptable Purchases

Unacceptable purchases include but are not limited to:

- Alcoholic beverages.
- Automotive gasoline for state vehicles, unless the vendor will not accept the State gas card.
- Gifts/Donations.
- Employee personal items.
- Items prohibited by agency or State policy.

## ACCEPTABLE PURCHASES

- Approved state purchases as prescribed by your agency.
- Travel expenses related to official state business.
- Cash advances for circumstances where cash outlays are required by an employee conducting official State business.

## AGENCY COORDINATOR

Each agency will designate a Program Coordinator. This person is responsible for:

- Card issuance, change, and cancellation.
- Maintenance of cardholder lists and documentation in a secure location at all time (locked cabinet).
- Maintenance of card limits and restrictions.
- Maintenance of cardholder agreements.

- Assisting cardholder in verifying and resolving returns, credits and discrepancies.
- Assisting cardholder in resolution of problems or questions about purchases.
- Conduct training for cardholders.
- Evaluating and documenting card distribution to ensure only those individuals with ongoing legitimate business needs receive a card, and that card limits are set accordingly.

## **APPROVER**

Each program area will assign a supervisor or other approver(s) to review and approve cardholder purchasing card transactions including related receipts and invoices. Although only one level of approval is required as a key control, a program area may assign additional levels of approvers, as they feel necessary and appropriate.

## **CARDHOLDER RESPONSIBILITIES**

Once the cardholder has received their card they are responsible for:

- Complying with the requirements of the Cardholder User Agreement.
- Using the card for state purchases and approved items only.
- Maintaining all supporting documentation (e.g. proper receipts, vendor order forms, cash receipts, etc.), and timely submission of support to the accounting unit as appropriate for the agency.
- Accounting for all travel related uses, including cash advances, by recording the transactions and attaching the supporting documentation on their travel reimbursement.
- Ensuring receipt of goods and following up with the vendor to resolve disputes and arranging for returns, credits, delivery problems, etc.
- Reporting lost or stolen card immediately.
- Safeguarding card security at all times. All precautions should be used to maintain confidentiality of the cardholder account number and expiration date of the purchasing card. The account number should never be left in a conspicuous place.
- Reconciling the bank statement and completing the reconciliation process as required by agency procedures. Certifying receipt of all purchases and returns should be forwarded to the cardholder's supervisor or person responsible for approving transactions within a time frame agreed upon by the agency coordinator.
- Only the person whose name appears on the face of the card may use the purchasing card. The only exception to this would be if a Group Card is used (see Group Card below). The card number must not be given to any individual other than the merchant from whom the cardholder is making a purchase.
- Immediate repayment of improper charges and accepts personal liability for misuse.
- Returning the card to the Program Coordinator immediately upon request or upon termination of employment (including retirement).

## GROUP CARD

Group cards do not have an individual's name imprinted on the face of the card. These types of cards are intended to be used by multiple people.

Group cards are to be issued to one person who is held accountable for the card with all the same responsibilities as defined in the Cardholder Responsibilities above.

## FISCAL IMPACT

None

## ADMINISTRATIVE PROCEDURES

### ACCOUNTING UNIT RESPONSIBILITIES

The agency's accounting unit is responsible for processing payments to Wells Fargo. The payment due date is established by the terms of the contract with Wells Fargo. Two business days are needed for processing the Automated Clearing House (ACH) function. If the payment date is a holiday or weekend it must be paid on the Friday before the holiday, weekend or the last business day

For users of the SCO automated p-card process, the following is also necessary:

- Record year end activity. To comply with federal regulations relating to the Statewide Indirect Cost Allocation Plan, it is important that the reduction of cash and recording the expenditure occur in the same year. Detailed procedures related to processing the June p-card transactions and paying the bank can be found on the State Controller's web site, in the P-Card manual.
- Reconciling P-Card transactions to the accounting system. The P-Card liability general ledger accounts must be reconciled and adjusted at least monthly. Reconciliations must be reviewed and approved by a supervisor.

## INTERNAL CONTROL

The agency must establish a program of internal control to address the use of the purchasing card as a means of expending State funds. The following is the minimum level of standards acceptable for departmental internal control systems that will be developed to guide the use of the purchasing card.

- Systems are to be clearly documented and readily available for inspection or audit.
- Those persons authorized to use cards are to be identified by name.
- All transactions are to be promptly recorded, properly classified, and promptly reconciled.
- Transactions are to be authorized by persons acting within their scope of authority.
- Key duties and responsibilities should be assigned systematically to a number of individuals to ensure that effective checks and balances exist.
- All purchasing card transactions related to travel must be accounted for on a travel voucher that must include all related receipts and invoices.

- Spending limits must be set for cardholders, including single purchase and/or monthly limits.
- Cardholder statements must be reconciled and approved at least monthly.
- Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved.
- Access to resources and records should be limited to authorized individuals as determined by the agency head.
- All cash advances must be accounted for with appropriate receipts and invoices on travel vouchers.
- Any cash advance not utilized must be returned promptly to the agency.

## **MISUSE OF THE P-CARD**

The following areas of card misuse should be reported to the appropriate agency personnel:

- Non compliance with documentation standards.
- Use of card for employee personal purchases.
- Use of card by individual other than cardholder.
- Use of the card to purchase non-allowable items.
- Use of the card in direct violation of acquisition goals (failure to use existing State contracts).
- Use of the card in excess of available budget and/or after the expiration date of a contract.
- Splitting transactions at the point of sale to avoid the single transaction limit.

Consequences of misuse shall include:

- Repayment of non-allowable charges.
- Notification to the cardholder's immediate supervisor of the p-card misuse.

In addition, consequences of misuse may include any one or combination of the following:

- Verbal notification of the infraction.
- Written notification with copies included in the individual's personnel file.
- Temporary suspension of cardholder privileges.
- Mandatory re-training.
- Card suspension with permanent loss of privileges.
- Disciplinary action up to and including dismissal, personal liability and repayment of all costs for personal expenses, prosecution, repayment of all costs incurred and any legal costs incurred by the state in the investigation and prosecution for any misuse of the card.